



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
CLARK COUNTY FISCAL COURT**

**Fiscal Year Ended June 30, 2000**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE CLARK COUNTY FISCAL COURT**

**Fiscal Year Ended June 30, 2000**

The Auditor of Public Accounts has completed the Clark County Fiscal Court audit for fiscal year ended June 30, 2000. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

#### **Financial Condition:**

Fund balances decreased by \$1,337,939 from the prior fiscal year, resulting in a cash balance of \$6,098,779 as of June 30, 2000. Revenues decreased by \$394,138 from the prior year and disbursements decreased by \$1,301,140.

#### **Debt Obligations:**

Total bonded debt principal as of June 30, 2000, was \$5,145,000. Future collections of \$5,310,171 are needed over the next 16 years to pay all bonded debt principal and interest.

Capital lease principal agreements totaled \$2,701,000 as of June 30, 2000. Future principal payments of \$2,701,000 are needed to meet these obligations.

#### **Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities or bonds.



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EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Drew Graham, Clark County Judge/Executive  
Members of the Clark County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Clark County, Kentucky, as of June 30, 2000, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Clark County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Clark County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising primarily from cash transactions as of June 30, 2000, of Clark County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
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Members of the Clark County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated June 4, 2001, on our consideration of Clark County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Clark County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a horizontal line extending from the end of the signature.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 4, 2001



CLARK COUNTY OFFICIALS

Fiscal Year Ended June 30, 2000

**Fiscal Court Members:**

Drew Graham	County Judge/Executive
Richard Mink	Magistrate
Garry Taylor	Magistrate
Billy Thomas	Magistrate
John Henry Ramsey	Magistrate
Clifton R. Smith	Magistrate
Joe McCord	Magistrate
Gerald Rogers	Magistrate

**Other Elected Officials:**

Gardner Wagers	County Attorney
Bobby Stone	Jailer
Anita Jones	County Clerk
Sharon Mahan	Circuit Court Clerk
Gary Lawson	Sheriff
Karen Bushart	Property Valuation Administrator
David Jacobs	Coroner

**Appointed Personnel:**

Jean Logsdon	County Treasurer
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STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

CLARK COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2000

Assets and Other Resources

Assets

General Fund Type

General Fund:

Cash \$ 1,689,034

Road and Bridge Fund:

Cash 140,056

Jail Fund:

Cash 1,245,928

Local Government Economic Assistance Fund:

Cash 48,064 \$ 3,123,082

Special Revenue Fund Type

Special Reserve - Rockwell Property Fund:

Cash \$ 632,300

State Grants Fund:

Cash 137,926 770,226

Debt Service Fund Type

Public Properties Corporation Fund:

Moneys in the Hand of Paying Agent:

Refunding Revenue Bond Courthouse Project-

Bond Fund Account - Cash \$ 3,934

Debt Service Account - Cash 368,132

Escrow Account - Cash 524

Escrow Account - Investments 1,832,600

Detention and Court Facilities Project Addition-

Sinking Fund Account - Cash 281 2,205,471

The accompanying notes are an integral part of the financial statements.

CLARK COUNTY  
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
 ARISING FROM CASH TRANSACTIONS  
 June 30, 2000  
 (Continued)

Other Resources

Special Revenue Fund Type

Water District Fund:

Amounts to be Provided in Future Years by East Clark Water District for Kentucky Association of Counties Leasing Trust Program - Capital Lease Principal Payments	\$ 2,701,000
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Debt Service Fund Type

Public Properties Corporation Fund:

Amounts to be Provided in Future Years for Bond Payments - Principal	<u>2,939,529</u>
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Total Assets and Other Resources	<u><u>\$ 11,739,308</u></u>
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Liabilities and Fund Balances

Liabilities

Special Revenue Fund Types

Water District Fund:

Capital Lease Obligation - Lease Principal Payments (Note 5)	\$ 2,701,000
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Debt Service Fund Types

Public Properties Corporation Fund:

Bonds Not Matured (Note 4)	5,145,000
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Fund Balances

Reserved:

Special Revenue Fund Type

Special Projects Fund	632,300
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The accompanying notes are an integral part of the financial statements.

CLARK COUNTY  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
ARISING FROM CASH TRANSACTIONS  
June 30, 2000  
(Continued)

Unreserved:

General Fund Type

General Fund	\$ 1,689,034	
Road and Bridge Fund	140,056	
Jail Fund	1,245,928	
Local Government Economic Assistance Fund	<u>48,064</u>	\$ 3,123,082

Special Revenue Fund Type

State Grant Fund	<u>137,926</u>
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Total Liabilities and Fund Balances	<u><u>\$ 11,739,308</u></u>
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The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

CLARK COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2000

	<u>General Fund Types</u>			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 7,103,642	\$ 3,935,788	\$ 993,087	\$ 1,224,852
Transfers In	340,852			
Kentucky Advance Revenue Program	1,465,955	1,050,385	415,570	
Total Cash Receipts	<u>\$ 8,910,449</u>	<u>\$ 4,986,173</u>	<u>\$ 1,408,657</u>	<u>\$ 1,224,852</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 6,127,229	\$ 3,436,355	\$ 981,618	\$ 1,113,913
Transfers Out	340,852	195,923		144,929
Bonds:				
Principal Paid	260,000			
Interest Paid	287,805			
Bonds Called:				
Principal Paid	1,495,000			
Interest Paid	49,900			
Call Premium	29,900			
Capital Lease Principal	88,000			
Kentucky Advance Revenue Program Repaid	1,465,955	1,050,385	415,570	
Total Cash Disbursements	<u>\$ 10,144,641</u>	<u>\$ 4,682,663</u>	<u>\$ 1,397,188</u>	<u>\$ 1,258,842</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (1,234,192)	\$ 303,510	\$ 11,469	\$ (33,990)
Cash Balance - July 1, 1999	<u>7,332,971</u>	<u>1,385,524</u>	<u>128,587</u>	<u>1,279,918</u>
Cash Balance - June 30, 2000*	<u>\$ 6,098,779</u>	<u>\$ 1,689,034</u>	<u>\$ 140,056</u>	<u>\$ 1,245,928</u>

\* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.



CLARK COUNTY  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
Fiscal Year Ended June 30, 2000  
(Continued)

General Fund Types	Special Revenue Fund Types			Debt Service Fund Types
Local Government Economic Assistance Fund	Water District Fund	Special Reserve- Rockwell Property Fund	State Grant Fund	Public Properties Corporation Fund
\$ 67,428	\$ 229,894	\$ 29,767	\$ 465,927	\$ 156,899 340,852
<u>\$ 67,428</u>	<u>\$ 229,894</u>	<u>\$ 29,767</u>	<u>\$ 465,927</u>	<u>\$ 497,751</u>
\$ 125,448	\$ 141,894	\$	\$ 328,001	\$
				260,000 287,805
				1,495,000 49,900 29,900
	88,000			
<u>\$ 125,448</u>	<u>\$ 229,894</u>	<u>\$ 0</u>	<u>\$ 328,001</u>	<u>\$ 2,122,605</u>
\$ (58,020) 106,084	\$	\$ 29,767 602,533	\$ 137,926	\$ (1,624,854) 3,830,325
<u>\$ 48,064</u>	<u>\$ 0</u>	<u>\$ 632,300</u>	<u>\$ 137,926</u>	<u>\$ 2,205,471</u>

The accompanying notes are an integral part of the financial statements.

CLARK COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 2000

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Clark County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Public Properties Corporation Fund as part of the reporting entity.

Additional - Clark County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Clark County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Clark County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Clark County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund (LGEA).

CLARK COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Water District Fund, Special Reserve - Rockwell Property Fund, and State Grants Fund of the Fiscal Court are reported as Special Revenue Fund Types.

3) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and include funds for the Public Properties Corporation Fund. Debt service is provided through annual transfers from the General Fund Type in the amount of the debt service requirements for the year.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The Clark County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Public Properties Fund because bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers are budgeted in the General Fund Type to comply with these requirements. The Department for Local Government does not require this fund to be budgeted.

CLARK COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 17.55 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

CLARK COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 3. Deposits and Investments

A. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2000, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

B. Investments

The county's investments are categorized below to give an indication of the level of risk assumed by the county at year-end. Category 1 includes investments that are insured or registered or the securities are held by the county or by the county's agent in the county's name. Category 2 includes uninsured and unregistered investments where the securities are held by the financial institution in the county's name. Category 3 includes uninsured and unregistered investments where the securities were held by the financial institution, but not in the county's name.

Types of Investments	Category 1	Category 2	Category 3	Carrying Amount	Market Value
U.S. Treasury Notes	\$ 1,832,600	\$ 0	\$ 0	\$ 1,832,600	\$ 1,832,600

CLARK COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 4. Long Term Debt

A. Detention and Court Facilities

On November 1, 1991, the Public Properties Corporation issued \$1,900,000 in First Mortgage Revenue Bonds for the purpose of adding a detention center on to the court facilities. Principal payments are due each June 1, and interest payments are due each June 1 and December 1, with final maturity in fiscal year 2016. The amount of principal outstanding as of June 30, 2000, was \$1,765,000.

Bond Payment Schedule			
Fiscal Year Due	Interest Rate	Interest Due	Principal Due
2000-01	6.000%	\$ 115,868	\$ 80,000
2001-02	6.100%	110,988	80,000
2002-03	6.200%	106,028	85,000
2003-04	6.300%	100,673	90,000
2004-05	6.375%	94,935	100,000
2005-06	6.400%	88,535	100,000
2006-07	6.450%	82,135	110,000
2007-08	6.700%	75,040	115,000
2008-09	6.700%	67,335	120,000
2009-10	6.700%	59,295	135,000
2010-11	6.700%	50,250	140,000
2011-12	6.700%	40,870	105,000
2012-13	6.700%	33,835	115,000
2013-14	6.700%	26,130	120,000
2014-15	6.700%	18,090	130,000
2015-16	6.700%	9,380	140,000
Total		<u>\$ 1,079,387</u>	<u>\$ 1,765,000</u>

CLARK COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 4. Long Term Debt (Continued)

B. Refunding Revenue Bonds (Courthouse and Detention Facilities Projects)

On October 4, 1997, the Public Properties Corporation issued \$3,970,000 in First Mortgage Refunding Revenue Bonds for the purpose of refinancing the Court and Detention Facilities Projects prior bond issues. The bond proceeds are being held in escrow and will be used to make the principal and interest payments on the two prior bond issues. Principal payments are due each June 1, and interest payments are due each June 1, and December 1, with final maturity in fiscal year 2016. The amount of principal outstanding as of June 30, 2000, was \$3,380,000.

Bond Payment Schedule			
Fiscal Year Due	Interest Rate	Interest Due	Principal Due
2000-01	4.500%	\$ 159,425	\$ 210,000
2001-02	4.500%	149,975	215,000
2002-03	4.500%	140,300	220,000
2003-04	4.500%	130,400	235,000
2004-05	4.500%	119,825	245,000
2005-06	4.500%	108,800	255,000
2006-07	4.550%	97,325	270,000
2007-08	6.500%	85,040	280,000
2008-09	4.750%	72,020	290,000
2009-10	4.850%	58,245	230,000
2010-11	5.000%	47,090	240,000
2011-12	5.000%	35,090	100,000
2012-13	5.100%	30,090	105,000
2013-14	5.100%	24,735	105,000
2014-15	5.100%	19,380	115,000
2015-16	5.100%	13,515	265,000
Total		<u>\$ 1,291,255</u>	<u>\$ 3,380,000</u>

Total bonds outstanding, for the Public Properties Corporation Fund, as of June 30, 2000, was \$5,145,000.

CLARK COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 5. Capital Lease Agreement

- A. On November 1, 1990, Clark County entered into a lease agreement with the Kentucky Association of Counties Leasing Trust for the construction of rural waterlines. The amount of the lease was \$495,000 to be repaid in 300 monthly payments of varying amounts terminating February 1, 2016. The outstanding principal balance as of June 30, 2000, was \$398,000.

Lease Payment Schedule			
Fiscal Year Due	Interest Rate	Interest Due	Principal Due
2000-01	5.86%	\$ 22,932	\$ 16,000
2001-02	5.86%	21,970	17,000
2002-03	5.86%	20,974	17,000
2003-04	5.86%	19,953	18,000
2004-05	5.86%	18,850	20,000
2005-16	5.86%	111,798	310,000
Total		<u>\$ 216,477</u>	<u>\$ 398,000</u>

- B. On June 18, 1993, Clark County entered into a lease agreement with the Kentucky Association of Counties Leasing Trust for the expanded construction of rural waterlines. The amount of the lease was \$1,250,000 to be repaid in 300 monthly payments of varying amounts terminating February 1, 2018. The outstanding principal balance as of June 30, 2000, was \$1,048,000.

Lease Payment Schedule			
Fiscal Year Due	Interest Rate	Interest Due	Principal Due
2000-01	4.71%	\$ 48,674	\$ 35,000
2001-02	4.71%	46,986	37,000
2002-03	4.71%	45,185	40,000
2003-04	4.71%	43,261	42,000
2004-05	4.71%	41,244	44,000
2005-18	4.71%	293,143	850,000
Total		<u>\$ 518,493</u>	<u>\$ 1,048,000</u>



CLARK COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 5. Capital Lease Agreement (Continued)

- C. On October 5, 1995, Clark County entered into a lease agreement with the Kentucky Association of Counties Leasing Trust for the expanded construction of rural waterlines. The amount of the lease was \$1,400,000 to be repaid in 300 monthly payments of varying amounts terminating February 1, 2019. The outstanding principal balance as of June 30, 2000, was \$1,255,000.

Lease Payment Schedule			
Fiscal Year Due	Interest Rate	Interest Due	Principal Due
2000-01	5.28%	\$ 65,362	\$ 41,000
2001-02	5.28%	63,153	43,000
2002-03	5.28%	60,839	45,000
2003-04	5.28%	58,397	48,000
2004-05	5.28%	25,818	50,000
2005-19	5.28%	457,452	1,028,000
Total		<u>\$ 731,021</u>	<u>\$ 1,255,000</u>

Clark County entered into a sublease agreement with the East Clark Water District to use the waterlines. The sublease agreement requires the East Clark Water District to make all lease payments. The East Clark Water District is in substantial compliance with the terms of the sublease agreement.

Total lease principal outstanding for the Water District as of June 30, 2000, was \$2,701,000.

Note 6. Jail Canteen Fund

The canteen operations are authorized pursuant to KRS 441.135(1)(2), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 68.210 requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen. Technical Audit Bulletins 93-002 and 97-001 provide additional accounting and expenditure guidance for acceptable jail canteen operations.

During the fiscal year ending June 30, 2000, the Clark County Jail Canteen Fund received \$190,680 and expended \$172,061. The Jail Canteen reported June 30 ending balances of \$103,747 and \$123,366 for 1999 and 2000, respectively. All profit expenditures were for the benefit and/or recreation of the inmates.

CLARK COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 7. Solid Waste Landfill – Lease Agreement

On June 4, 1998, Clark County Fiscal Court (hereinafter “County”) entered into a lease agreement with Winchester Municipal Utilities (hereinafter “WMU”) for the rental of county property upon which the County and WMU formerly operated landfills. The lease states, in part, that “it is necessary for WMU to continue occupancy of the farm to meet post closure requirements of state and federal law.” Terms of the lease, in part, “shall be twenty (20) years from the date hereof, or a minimum of two years after the landfills have a closure certification from the state;” and call for a rental payment of “One dollar (\$1.00) per year.” The lease defines liabilities with regard to the maintenance of access roads, use of property, insurance on the property, and the allocation of post closure care costs provided by WMU. The County made payments to WMU in the amount of \$49,498 during the fiscal year ended June 30, 2000, for its share of post closure care costs.

COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE



CLARK COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2000

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 4,105,387	\$ 3,935,788	\$ (169,599)
Road and Bridge Fund	1,620,015	993,087	(626,928)
Jail Fund	1,030,428	1,224,852	194,424
Local Government Economic Assistance Fund	74,500	67,428	(7,072)
<u>Special Revenue Fund Type</u>			
Water District Fund	229,897	229,894	(3)
Special Reserve - Rockwell Property Fund	25,000	29,767	4,767
State Grant Fund	852,090	465,927	(386,163)
Federal Grant Fund	669,000		(669,000)
Totals	<u>\$ 8,606,317</u>	<u>\$ 6,946,743</u>	<u>\$ (1,659,574)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 8,606,317
Add: Budgeted Prior Year Surplus			3,052,400
Less: Other Financing Uses			<u>(1,894,807)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 9,763,910</u>

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SCHEDULE OF OPERATING REVENUE





CLARK COUNTY  
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2000

	Totals (Memorandum Only)	General Fund Type	Special Revenue Fund Type	Debt Service Fund Type
REVENUE:				
Taxes	\$ 2,704,710	\$ 2,704,710	\$	\$
Excess Fees	422,562	422,562		
License and Permits	32,919	32,919		
Intergovernmental Revenues	3,163,903	2,698,813	465,090	
Charges for Services	284,854	54,960	229,894	
Miscellaneous Revenues	104,067	104,067		
Interest Earned	390,627	203,124	30,604	156,899
Total Operating Revenue	<u>\$ 7,103,642</u>	<u>\$ 6,221,155</u>	<u>\$ 725,588</u>	<u>\$ 156,899</u>

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COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES



CLARK COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2000

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 1,251,516	\$ 1,135,380	\$ 116,136
Protection to Persons and Property	2,563,342	2,279,553	283,789
General Health and Sanitation	221,312	202,847	18,465
Social Services	128,720	109,309	19,411
Recreation and Culture	291,520	233,723	57,797
Roads	764,945	673,806	91,139
Bus Service	10,300	10,298	2
Debt Service	41,148	28,067	13,081
Capital Projects	943,587	341,595	601,992
Administration	1,258,133	642,756	615,377
Total Operating Budget - All General Fund Types	\$ 7,474,523	\$ 5,657,334	\$ 1,817,189
Other Financing Uses:			
Borrowed Money-			
Kentucky Advanced Revenue Program - Principal	1,465,955	1,465,955	
Transfers to Public Property Corporation Fund	340,852	340,852	
TOTAL BUDGET - ALL GENERAL FUND TYPES	<u>\$ 9,281,330</u>	<u>\$ 7,464,141</u>	<u>\$ 1,817,189</u>

CLARK COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 2000  
 (Continued)

Expenditure Categories	SPECIAL REVENUE FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 626,400	\$	\$ 626,400
General Health and Sanitation	1,069,000	287,911	781,089
Recreation and Culture	452,090	40,090	412,000
Debt Service	141,897	141,894	3
Total Operating Budget - All Special Revenue Fund Types	\$ 2,289,387	\$ 469,895	\$ 1,819,492
Other Financing Uses:			
Capital Leases - Principal	88,000	88,000	
TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	<u>\$ 2,377,387</u>	<u>\$ 557,895</u>	<u>\$ 1,819,492</u>

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Drew Graham, Clark County Judge/Executive  
Members of the Clark County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Clark County, Kentucky, as of and for the year ended June 30, 2000, and have issued our report thereon dated June 4, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Clark County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clark County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 4, 2001

CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

CLARK COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

Appendix A



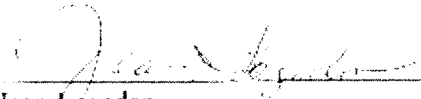
CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
CLARK COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

The Clark County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Drew Graham  
County Judge/Executive



Jean Logsdon  
County Treasurer